

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS
ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

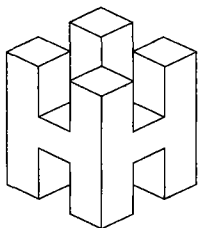
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Directors</u> <u>(After September, 2013 Election)</u>		
Dr. Robert Rasmus	President	2015
Russell Wray	Vice President	2017
Deborah Cook	Member	2017
Derrick Franck	Member	2015
Curt Grigg	Member	2015
Michael Hunter	Member	2017
Neal Adler	Member	2017
William Lyle	Member	2015
Eldon Schroder	Member	2015

<u>Board of Directors</u> <u>(Before September, 2013 Election)</u>		
Dr. Robert Rasmus	President	2015
Russell Wray	Vice President	2013
Deborah Cook	Member	2013
Derrick Franck	Member	2015
Curt Grigg	Member	2015
Michael Hunter	Member	2013
Neal Adler	Member	2013
William Lyle	Member	2015
Eldon Schroder	Member	2015

Community College

Dr. Terry Murrell	President
Troy A. Jasman	Vice President of Finance and Administrative Services
Brenda S. Bradley	Board Secretary/Treasurer and Dean of Quality and Human Resources
Gretchen O. Gondek	General Manager



**HENJES, CONNER &
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Western Iowa Tech Community College
Sioux City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of KWIT-KOJI FM RADIO, a public telecommunications entity operated by Western Iowa Tech Community College, as of and for the years ended June 30, 2015 and 2014 and the related notes to the financial statements, which collectively comprise the Radio Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of KWI-KOJI FM Radio, a public telecommunications entity operated by Western Iowa Tech Community College, as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, KWI-KOJI FM Radio adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, the schedule of the Radio Station's proportionate share of the net pension liability, and the schedule of funding progress for the retiree health plan on pages 4 through 10 and 43 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2015, on our consideration of the Radio Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Radio Station's internal control over financial reporting and compliance.

Heizer, Connor & Williams, P.C.
Certified Public Accountants

Sioux City, Iowa
October 5, 2015



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of KWIT-KOJI FM Radio, a public telecommunications entity operated by Western Iowa Tech Community College provides this Management's Discussion and Analysis of the Radio Station's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015 for KWIT-KOJI FM Radio and does not discuss the component unit of Friends of FM 90. We would encourage the reader to consider this information in conjunction with the Radio Station's financial statements which follow.

FINANCIAL HIGHLIGHTS

- Operating revenues increased 1.1%, or \$3,171, from fiscal year 2014 (FY14). Rental of facilities, donated materials and services, and other operating revenues increased while Corporation for Public Broadcasting support decreased.
- Operating expenses were 4.0%, or \$31,975 greater in FY15 than in FY14. Programming and production, broadcasting and management and general increased while program information remained unchanged from the prior year.
- Net non-operating revenue increased 3.6%, or \$17,150, from FY14 due to an increase in state support, college support – indirect and gifts from Friends of FM90.
- The Radio Station's net assets decreased 22.1%, or \$127,654 from FY14.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides management's analytical overview of the Radio Station's financial activities.

The basic financial statements consist of Statements of Net Assets, Statements of Revenues, Expenses and Changes in Net Assets, Statements of Cash Flows and Statements of Functional Expenses. These statements provide information about the activities of the Radio Station as a whole and present an overall view of the Radio Station's finances.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

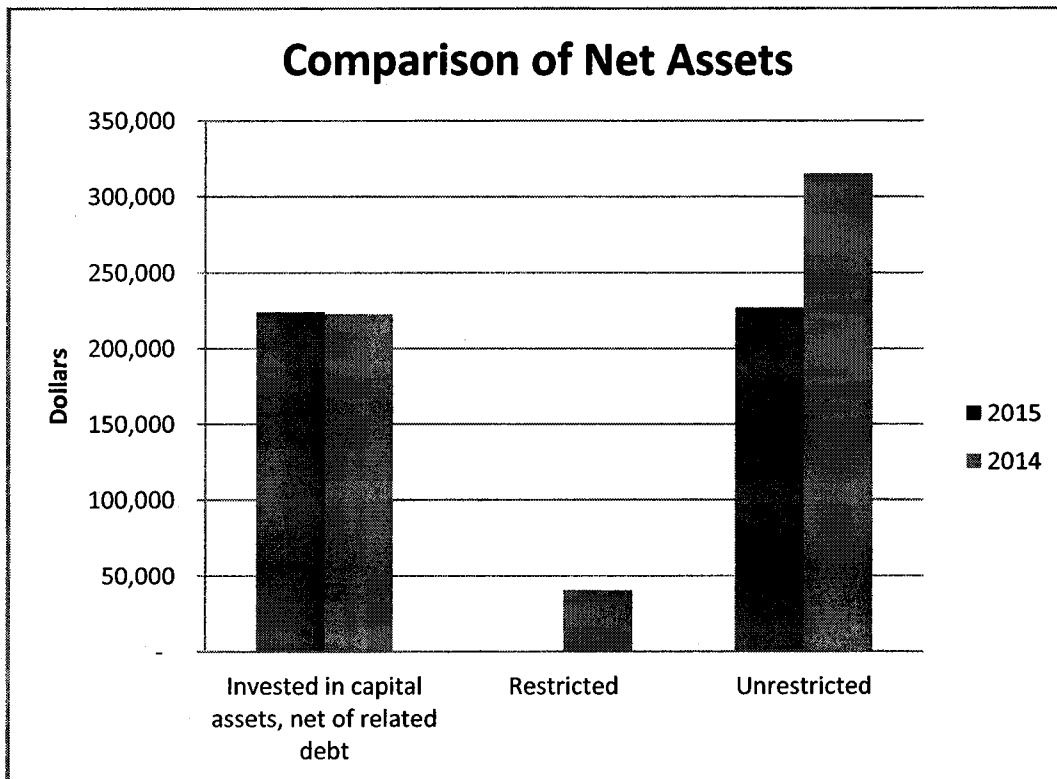
Required Supplementary Information presents the Radio Station's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

REPORTING THE RADIO STATION AS A WHOLE

The Statements of Net Assets

The Statements of Net Assets presents financial information on all the Radio Station's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net asset. The Statements of Net Assets are point-in-time financial statements. The purpose of the statements is to present a fiscal snapshot of the Radio Station to the readers of the financial statements. The Statements of Net Assets includes year-end information concerning current and non-current assets, deferred outflows of resources, current and non-current liabilities, deferred inflows of resources and net assets. Over time, readers of the financial statements will be able to determine the Radio Station's financial position by analyzing the increases and decreases in net assets. These statements are also a good source for readers to determine how much the Radio Station owes to outside vendors and creditors. The statements also present the available assets that can be used to satisfy those liabilities.

Net Assets		June 30	
		2015	2014
Current assets	\$	354,904	364,089
Capital assets, net of accumulated depreciation		224,021	263,343
Total Assets		578,925	627,432
Deferred outflows of resources		16,888	-
Total assets and deferred outflows		595,813	627,432
Current liabilities		35,229	31,985
Non-current liabilities		85,366	17,123
Total liabilities		120,595	49,108
Deferred inflows of resources		24,548	-
Net Assets:			
Invested in capital assets		224,021	222,774
Restricted		-	40,569
Unrestricted		226,649	314,981
Total Net Assets		450,670	578,324
Total liabilities, deferred inflows, and net assets	\$	595,813	\$ 627,432



The largest portions of the Radio Station's net assets (49.7%) are invested in capital assets (e.g., buildings and equipment) and (50.3%) unrestricted net assets that can be used to meet the Radio Station's obligations as they come due.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment to GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net assets as of July 1, 2014 was restated by \$77,799 to retroactively report the net pension liability as of June 30, 2013 and deferred outflow of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Statements of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statements of Net Assets are based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Assets. The purpose of the statements is to present the revenues earned by the Radio Station, both operating and non-operating, and the expenses incurred by the Radio Station, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the Radio Station.

In general, a public radio station, such as KWIT-KOJI FM Radio, will report an operating loss since the financial reporting model classifies state support, college support and gifts as non-operating revenues. Operating revenues are received from the Corporation for Public Broadcasting, rental of facilities, donated materials and supplies as well as other operating revenues of the Radio Station. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the Radio Station. Non-operating revenues are revenues received

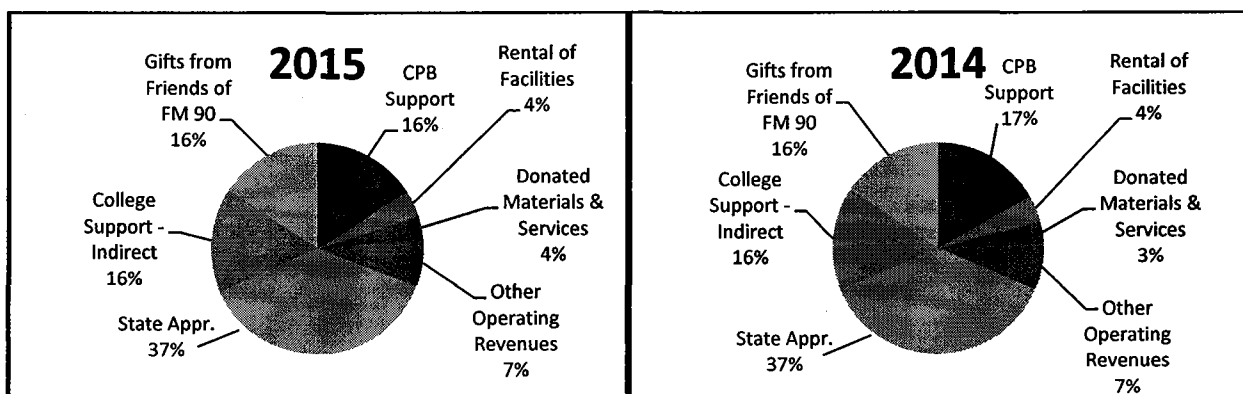
for which goods and services are not directly provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

Changes in Net Assets

	Year ended June 30,	
	2015	2014
Operating revenues:		
Corporation for Public Broadcasting Support	\$ 147,086	\$ 150,276
Rental of Facilities	37,002	36,357
Donated Materials and Services	33,163	31,057
Other Operating Revenues	67,217	63,607
Total operating revenues	284,468	281,297
Total operating expenses	826,629	794,654
Operating loss	(542,161)	(513,357)
Non-operating revenues (expenses)		
State Support	346,754	334,876
College Support - Indirect	145,556	141,860
Gifts from Friends of FM 90	145,552	140,280
Donated Facilities	(145,556)	(141,860)
Net non-operating revenues	492,306	475,156
Change in net assets	(49,855)	(38,201)
Net assets beginning of year	578,324	629,775
Prior period restatement - note 11	(77,799)	(13,250)
Net assets end of year	\$ 450,670	\$ 578,324

The Statements of Revenues, Expenses and Changes in Net Assets reflect a decrease of 22.1%, or approximately \$127,654 in the net assets at the end of the fiscal year.

Total Revenues by Source



In fiscal year 2015, operating revenues increased by \$3,171 or 1.1%. The increase was a result of the following changes:

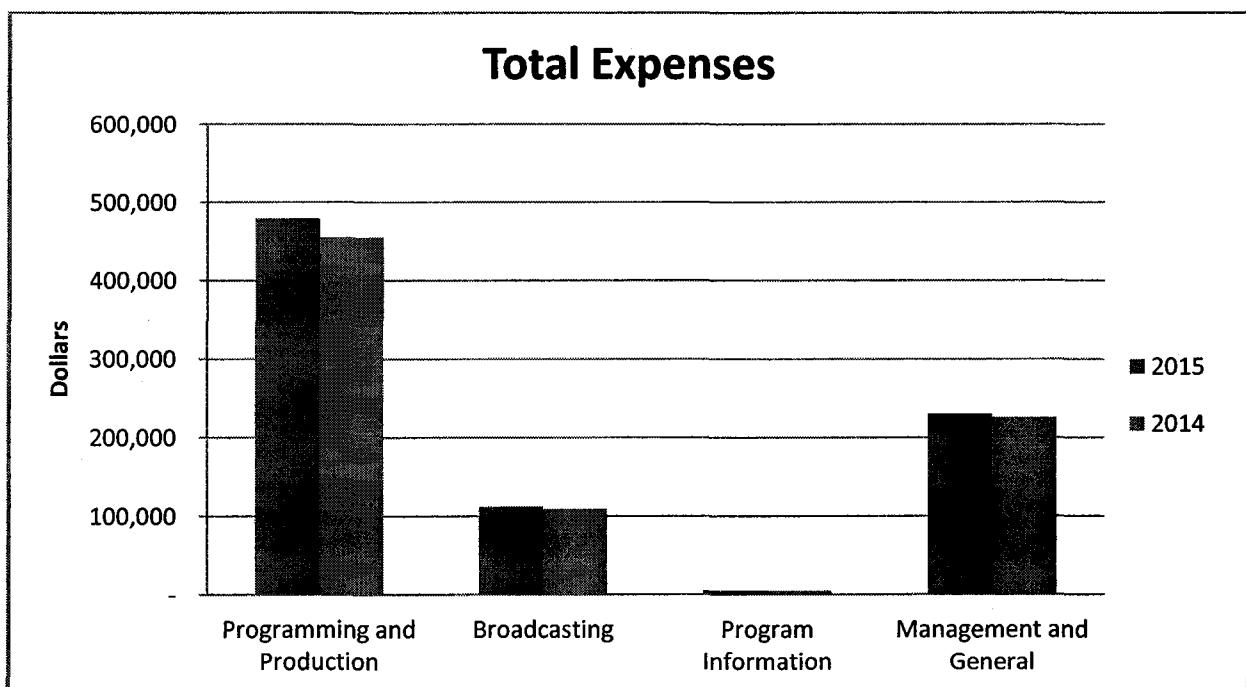
Rental of facilities (tower rental), donated materials and services, and other operating revenues increased while Corporation for Public Broadcasting support revenue decreased.

Operating Expenses		
	Year Ended June 30,	
	2015	2014
Program Services:		
Programming and Production	\$ 479,434	\$ 454,885
Broadcasting	112,033	109,288
Program Information	4,800	4,800
Management and General	230,362	225,681
Total	<u>\$ 826,629</u>	<u>\$ 794,654</u>

In fiscal year 2015, operating expenses increased by \$31,975 or 4.0%. The following factors explain some of the changes:

Program Services, consisting of programming and production, broadcasting, and program information, increased \$27,294 due to increased salaries and related payroll costs and membership costs offset by a decrease in depreciation.

Supporting Services, consisting of management and general, increased \$4,681. This was due to the increased costs for salaries and related costs, other services, lease expense and equipment offset by a decrease in materials and supplies.



Statements of Cash Flows

Statements of Cash Flows are included in KWIT-KOJI's basic financial statements. These Statements of Cash Flows are an important tool in helping users assess the Radio Station's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing. The Statements of Cash Flows present information related to cash inflows and outflows, summarized by operating, non-capital financing, capital and related financing and investing activities.

	Cash Flows	
	<u>Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Cash provided (used) by:		
Operating Activites	(502,521)	(460,018)
Non-capital Financing Activites	492,306	475,156
Capital Activites	-	-
Investing Activites	-	-
Net Increase (Decrease) in Cash	(10,215)	15,138
Cash at the beginning of the year	<u>362,609</u>	<u>347,471</u>
Cash at the end of the year	<u>\$352,394</u>	<u>\$362,609</u>

Cash provided by operating activities includes grants received from the Corporation for Public Broadcasting, rental of tower space and donor contributions. Cash used by operating activities include salary and benefit and vendor payments. Cash provided by non-capital financing activities includes state support and gifts from Friends of FM 90. Cash used by capital activities include the purchase of capital assets (equipment). KWIT-KOJI FM 90 did not have any cash flow from investing activities.

Statements of Functional Expenses

The Statements of Functional Expense provide the reader with detailed information regarding the program services consisting of programming and production, broadcasting and program information expenses as well as the supporting services of management and general expenses.

CAPITAL ASSETS

At June 30, 2015, the Radio Station had \$224,021 invested in capital assets, net of accumulated depreciation of \$897,418. Depreciation charges totaled \$39,322 for Fiscal Year 2015. Details of the capital assets are shown below.

Capital Assets, Net, at Year End

	June 30,	
	2015	2014
Buildings	\$ 286,625	\$ 286,625
Radio Tower	570,814	570,814
Furniture and equipment	264,000	264,000
	<u>1,121,439</u>	<u>1,121,439</u>
Accumulated Depreciation	<u>(897,418)</u>	<u>(858,096)</u>
Total	<u>\$ 224,021</u>	<u>\$ 263,343</u>

There are no planned capital expenditures for the fiscal year to end June 30, 2016.

DEBT

At June 30, 2015, the Radio Station had no debt outstanding.

ECONOMIC FACTORS

KWIT-KOJI FM 90 continues to monitor its financial position in times of uncertain funding from the Corporation for Public Broadcasting. Funding from state support and gifts from the Friends of FM 90 continue to play a more significant part of the operations of the Radio Station. Some of the realities that may potentially become challenges for the Radio Station to meet are:

State support for fiscal year 2016 is not expected to increase over the prior year.

Expenses will continue to increase. Costs associated with serving radio listeners will continue to increase. The increased cost of salaries, related payroll costs and fringe benefits continues to prove problematic in budgeting.

With the exception of state support, the Radio Station anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Radio Station's ability to react to unknown issues.

CONTACTING THE RADIO STATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, radio listeners and taxpayers in the community college merged area and our creditors with a general overview of the Radio Station's finances and to demonstrate the Radio Station's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Western Iowa Tech Community College, 4647 Stone Avenue, Sioux City, Iowa 51106.

KWIT-KOJI FM RADIOEXHIBIT AA PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF NET ASSETSJUNE 30, 2015

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 352,394	\$ 18,167
Pledges Receivable	<u>2,510</u>	<u> </u>
Total Current Assets	\$ 354,904	\$ 18,167
<u>NONCURRENT ASSETS</u>		
Endowment Investments - Note 3		\$ 1,493,847
Capital Assets, Net of Accumulated Depreciation - Note 4	\$ <u>224,021</u>	<u> </u>
Total Noncurrent Assets	\$ <u>224,021</u>	\$ <u>1,493,847</u>
Total Assets	\$ 578,925	\$ 1,512,014
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Related Deferred Outflows	\$ <u>16,888</u>	<u> </u>
Total Assets and Deferred Outflows	\$ <u>595,813</u>	\$ <u>1,512,014</u>
<u>CURRENT LIABILITIES</u>		
Salaries and Benefits Payable	\$ 11,543	
Compensated Absences	<u>23,686</u>	<u> </u>
Total Current Liabilities	\$ 35,229	-
<u>NONCURRENT LIABILITIES</u>		
Net Pension Liability	\$ 64,369	-
Net OPEB Liability	<u>20,997</u>	<u> </u>
Total Noncurrent Liabilities.....	\$ 85,366	-
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Related Deferred Inflows	\$ 24,548	-
<u>NET ASSETS</u>		
Net Investment in Capital Assets	\$ 224,021	
Restricted:		
Nonexpendable		\$ 250,000
Expendable		1,282,005
Unrestricted	<u>226,649</u>	(<u>19,991</u>)
Total Net Assets	\$ <u>450,670</u>	\$ <u>1,512,014</u>
Total Liabilities, Deferred Inflows, and Net Assets	\$ <u>595,813</u>	\$ <u>1,512,014</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIOEXHIBIT AA PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF NET ASSETSJUNE 30, 2014

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 362,609	\$ 15,179
Pledges Receivable	<u>1,480</u>	<u> </u>
Total Current Assets	\$ 364,089	\$ 15,179
<u>NONCURRENT ASSETS</u>		
Endowment Investments - Note 3		\$ 1,509,938
Capital Assets, Net of Accumulated Depreciation - Note 4	\$ <u>263,343</u>	<u> </u>
Total Noncurrent Assets	\$ <u>263,343</u>	\$ <u>1,509,938</u>
Total Assets	\$ <u>627,432</u>	\$ <u>1,525,117</u>
<u>CURRENT LIABILITIES</u>		
Salaries and Benefits Payable	\$ 10,183	
Compensated Absences	<u>21,802</u>	<u> </u>
Total Current Liabilities	\$ 31,985	-
<u>NONCURRENT LIABILITIES</u>		
Net OPEB Liability	\$ 17,123	-
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 222,774	
Restricted:		
Non-Expendable		\$ 250,000
Expendable	40,569	1,275,261
Unrestricted	<u>314,981</u>	(<u>144</u>)
Total Net Assets	\$ <u>578,324</u>	\$ <u>1,525,117</u>
Total Liabilities and Net Assets	\$ <u>627,432</u>	\$ <u>1,525,117</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIOEXHIBIT BA PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETSFOR THE YEAR ENDED JUNE 30, 2015

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>OPERATING REVENUES</u>		
Corporation for Public Broadcasting Support	\$ 147,086	
Rental of Facilities	37,002	
Donated Materials and Services	33,163	
Gifts and Contributions		\$ 131,456
Other Operating Revenues	<u>67,217</u>	
Total Operating Revenues	\$ 284,468	\$ 131,456
<u>OPERATING EXPENSES</u>		
Program Services:		
Programming and Production	\$ 479,434	\$ 7,941
Broadcasting	112,033	
Program Information	<u>4,800</u>	
	\$ 596,267	\$ 7,941
Management and General	<u>230,362</u>	
Total Operating Expenses	\$ <u>826,629</u>	\$ <u>7,941</u>
Operating Income (Loss)	\$(542,161)	\$ 123,515
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State Support	\$ 346,754	
College Support - Indirect	145,556	
Investment Income, Net of Investment Expense of \$11,197		\$ 8,934
Gifts from Friends of FM 90	145,552	
Payments to KWIT-KOJI		(145,552)
Donated Facilities	<u>(145,556)</u>	
Net Non-Operating Revenues (Expenses)	\$ <u>492,306</u>	\$(<u>136,618</u>)
Change in Net Assets	\$(49,855)	\$(13,103)
Net Assets - Beginning of Year	\$ 578,324	1,525,117
Prior Period Restatement - Note 11	<u>(77,799)</u>	
Net Assets - Beginning of Year, As Restated	\$ <u>500,525</u>	<u>1,525,117</u>
Net Assets - End of Year	\$ <u>450,670</u>	\$ <u>1,512,014</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIOEXHIBIT BA PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETSFOR THE YEAR ENDED JUNE 30, 2014 - AS RESTATED

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>OPERATING REVENUES</u>		
Corporation for Public Broadcasting Support	\$ 150,276	
Rental of Facilities	36,357	
Donated Materials and Services	31,057	
Gifts and Contributions		\$ 129,451
Other Operating Revenues	<u>63,607</u>	
Total Operating Revenues	\$ 281,297	\$ 129,451
<u>OPERATING EXPENSES</u>		
Program Services:		
Programming and Production	\$ 454,885	\$ 6,214
Broadcasting	109,288	
Program Information	<u>4,800</u>	
	\$ 568,973	\$ 6,214
Management and General	<u>225,681</u>	
Total Operating Expenses	\$ <u>794,654</u>	\$ <u>6,214</u>
Operating Income (Loss)	\$(513,357)	\$ 123,237
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State Support	\$ 334,876	
College Support - Indirect	141,860	
Investment Income, Net of Investment Expense of \$10,729		\$ 170,449
Gifts from Friends of FM 90	140,280	
Payments to KWIT-KOJI		(140,280)
Donated Facilities	<u>(141,860)</u>	
Net Non-Operating Revenues (Expenses)	\$ <u>475,156</u>	\$ <u>30,169</u>
Change in Net Assets	\$(38,201)	\$ 153,406
Net Assets - Beginning of Year	\$ 629,775	\$ 1,371,711
Prior Period Restatement - Note 11	<u>(13,250)</u>	
Net Assets - Beginning of Year, As Restated	\$ <u>616,525</u>	\$ <u>1,371,711</u>
Net Assets - End of Year	\$ <u>578,324</u>	\$ <u>1,525,117</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIOEXHIBIT CA PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF CASH FLOWSFOR THE YEAR ENDED JUNE 30, 2015INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Operating Grants Received from the Corporation for Public Broadcasting	\$ 147,086	
Rental Receipts	37,002	
Cash Received from Donors and Others	66,187	\$ 131,456
Cash Payments to Employees and Others	(752,796)	(7,941)
Net Cash Provided (Used) by Operating Activities	\$(502,521)	\$ 123,515
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash Received from State Support	\$ 346,754	
Cash Received from Gifts from Friends of FM 90	145,552	
Cash Paid for Gifts to KWIT-KOJI		\$(145,552)
Net Cash Provided (Used) by Non-Capital Financing Activities	\$ 492,306	\$(145,552)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Received from Investment Income		\$ 82,756
Cash Paid for Investment Expenses		(11,197)
Proceeds from Sale of Investments		585,560
Purchase of Investments		(632,094)
Net Cash Provided by Investing Activities	-	\$ 25,025
Net Increase (Decrease) in Cash and Cash Equivalents	\$(10,215)	\$ 2,988
Cash and Cash Equivalents - Beginning of Year	362,609	15,179
Cash and Cash Equivalents - End of Year	\$ 352,394	\$ 18,167

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIOEXHIBIT C
(Cont.)A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF CASH FLOWSFOR THE YEAR ENDED JUNE 30, 2015INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	KWIT-KOJI FM Radio	Component Unit Friends of FM 90
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u> <u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$(542,161)	\$ 123,515
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	\$ 39,322	
Increase in Pledges Receivable	(1,030)	
Increase in Deferred Outflows of Resources	(7,438)	
Increase in Salaries and Benefits Payable	1,360	
Increase in Compensated Absences	1,884	
Decrease in Net Pension Liability	(22,880)	
Increase in Deferred Inflows of Resources	24,548	
Increase in Net Other postemployment Benefits	3,874	
Total Adjustments	\$ 39,640	-
Net Cash Provided (Used) by Operating Activities	\$(502,521)	\$ 123,515
 <u>SUPPLEMENTAL SCHEDULE OF SIGNIFICANT</u> <u>NON-CASH ACTIVITIES</u>		
College Support - Indirect	\$ 145,556	-
Donated Materials and Services	\$ 33,163	-

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIOEXHIBIT CA PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGESTATEMENT OF CASH FLOWSFOR THE YEAR ENDED JUNE 30, 2014INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Operating Grants Received from the Corporation for Public Broadcasting	\$ 150,276	
Rental Receipts	36,357	
Cash Received from Donors and Others	63,662	\$ 129,451
Cash Payments to Employees and Others	(710,313)	(6,214)
Net Cash Provided (Used) by Operating Activities	\$(460,018)	\$ 123,237
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash Received from State Support	\$ 334,876	
Cash Received from Gifts from Friends of FM 90	140,280	
Cash Paid for Gifts to KWIT-KOJI	_____	\$(140,280)
Net Cash Provided (Used) by Non-Capital Financing Activities	\$ 475,156	\$(140,280)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Received from Investment Income		\$ 54,782
Cash Paid for Investment Expenses		(10,729)
Proceeds from Sale of Investments		727,051
Purchase of Investments	_____	(771,063)
Net Cash Provided by Investing Activities	_____ -	\$ 41
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 15,138	\$(17,002)
Cash and Cash Equivalents - Beginning of Year	347,471	32,181
Cash and Cash Equivalents - End of Year	\$ 362,609	\$ 15,179

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIO

EXHIBIT C
(Cont.)

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>KWIT-KOJI</u> <u>FM Radio</u>	<u>Component Unit</u> <u>Friends of</u> <u>FM 90</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO		
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$(513,357)	\$ 123,237
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	\$ 45,403	
Decrease in Pledges Receivable	55	
Increase in Salaries and Benefits Payable	256	
Increase in Compensated Absences	3,752	
Increase in Other Postemployment Benefits	<u>3,873</u>	
Total Adjustments	\$ <u>53,339</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	\$(<u>460,018</u>)	\$ <u>123,237</u>
 SUPPLEMENTAL SCHEDULE OF SIGNIFICANT		
<u>NON-CASH ACTIVITIES</u>		
College Support - Indirect	\$ <u>141,860</u>	<u>-</u>
Donated Materials and Services	\$ <u>31,057</u>	<u>-</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Program Services</u>			
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information</u>	<u>Total Program Services</u>
Salaries, Related Payroll Costs and				
Fringe Benefits	\$ 270,342	\$ 89,289		\$ 359,631
Professional Services	250			250
Memberships	159,622	217		159,839
Communications				-
Utilities				-
Postage				-
Other Services	580	154		734
Materials and Supplies		1,915		1,915
Periodicals				-
Lease Expense				-
Equipment	4,283	293		4,576
Travel and Meeting Expense	445	3,771		4,216
Donated Personal Services of				
Volunteers	1,769			1,769
Donated Professional Services			\$ 4,800	4,800
Donated Materials and Facilities	25,658			25,658
Repairs and Maintenance	500			500
Depreciation	<u>15,985</u>	<u>16,394</u>		<u>32,379</u>
Total Operating Expenses	\$ <u>479,434</u>	\$ <u>112,033</u>	\$ <u>4,800</u>	\$ <u>596,267</u>

<u>Supporting Services</u> <u>Management</u> <u>and</u> <u>General</u>	<u>Total</u> <u>Expenses</u>
\$ 133,744	\$ 493,375
7,084	7,334
150	159,989
777	777
52,577	52,577
2,254	2,254
4,820	5,554
2,444	4,359
294	294
11,428	11,428
6,911	11,487
	4,216
	1,769
936	5,736
	25,658
	500
<u>6,943</u>	<u>39,322</u>
 \$ <u><u>230,362</u></u>	 \$ <u><u>826,629</u></u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014 - AS RESTATED

	<u>Program Services</u>			
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information</u>	<u>Total Program Services</u>
Salaries, Related Payroll Costs and				
Fringe Benefits	\$ 262,574	\$ 88,017		\$ 350,591
Professional Services	15			15
Memberships	137,139	153		137,292
Communications	875			875
Utilities				-
Postage				-
Other Services	2,526			2,526
Materials and Supplies	34	895		929
Periodicals	4,170			4,170
Lease Expense				-
Equipment				-
Travel and Meeting Expense	165	3,829		3,994
Donated Personal Services of				
Volunteers	1,928			1,928
Donated Professional Services			\$ 4,800	4,800
Donated Materials and Facilities	23,393			23,393
Depreciation	<u>22,066</u>	<u>16,394</u>	<u> </u>	<u>38,460</u>
Total Operating				
Expenses	\$ <u>454,885</u>	\$ <u>109,288</u>	\$ <u>4,800</u>	\$ <u>568,973</u>

<u>Supporting Services</u> <u>Management</u> <u>and</u> <u>General</u>	<u>Total</u> <u>Expenses</u>
\$ 130,085	\$ 480,676
6,905	6,920
175	137,467
665	1,540
52,444	52,444
2,480	2,480
1,884	4,410
13,980	14,909
242	4,412
8,777	8,777
165	165
	3,994
	1,928
936	5,736
	23,393
<u>6,943</u>	<u>45,403</u>
 \$ <u>225,681</u>	 \$ <u>794,654</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

KWIT-KOJI FM Radio is a non-profit, non-commercial radio station and an affiliate of the National Public Radio Network. The Radio Station operates with a power of 100,000 watts, including a repeater station. Emphasis is placed on service to eighteen counties in northwest Iowa. KWIT-KOJI FM Radio is operated by, and the financial activity is included in the financial statements of, Western Iowa Tech Community College, Sioux City, Iowa.

A. Reporting Entity

The financial statements of KWIT-KOJI FM Radio include the discrete presentation of Friends of FM 90 (Friends), a legally separate, tax-exempt component unit of the Radio Station. Friends acts primarily as a fund-raising organization to supplement the resources that are available to the Radio Station in support of its programming. Although the Radio Station does not control the timing or amount of receipts from Friends, the majority of resources, or income thereon, that Friends holds and invests are restricted to the activities of the Radio Station by the donors.

Friends distributed \$145,552 and \$140,280 to KWIT-KOJI for unrestricted programming purposes, during the years ended June 30, 2015 and 2014, respectively.

B. Basis of Presentation

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net asset categories:

Net Investment in Capital Assets

Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets

Nonexpendable

Net assets subject to externally-imposed stipulations that they be maintained permanently by the Radio Station, including permanent endowment funds.

Expendable

Net assets whose use by the Radio Station is subject to externally - imposed stipulations that can be fulfilled by actions of the Radio Station, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets

Net assets that are not subject to externally-imposed situations.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Cont.)

Unrestricted Net Assets (Continued)

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets, Cash Flows and Functional Expenses be reported on a consolidated basis. The effect of interfund activity has been removed from these statements.

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the Radio Station is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the Radio Station have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. State support is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the statement of net assets:

Investments - Investments are stated at fair value.

Capital Assets - Capital assets, which include buildings, radio tower, furniture and equipment, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at fair market value at the date of donation. Depreciation expense is recorded on capital assets using the straight-line method over their estimated useful lives. For the years ended June 30, 2015 and 2014, depreciation expense was \$39,322 and \$45,403, respectively.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are defined by the Radio Station as assets with initial, individual costs in excess of \$5,000 and estimated useful lives in excess of two years.

Compensated Absences - Radio Station employees accumulate a limited amount of earned but unused vacation benefits for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at year end.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Cont.)

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net assets of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net assets have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. In-Kind Contributions

Donated professional services and materials are recorded as revenue and expenditures in the accompanying statements of revenues, expenses and changes in net assets at estimated fair value.

Donated facilities from Western Iowa Tech Community College consist of office and studio space together with related occupancy costs and are recorded as revenue and expenses at estimated fair rental values. Administrative support from Western Iowa Tech Community College consists of allocated financial and administrative costs and certain other expenses incurred by the College on behalf of the Radio Station.

Total recorded in-kind contributions for June 30, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
Donated Professional Services of Volunteers:		
Voluntary Services	\$ 1,769	\$ 1,928
Donated Professional Services and Programs:		
Advertising and Contracted Services	5,736	5,736
Donated Materials and Facilities:		
Compact Discs, Other Materials		
and Equipment	25,658	23,393
College Facilities	<u>145,556</u>	<u>141,860</u>
	<u>\$ 178,719</u>	<u>\$ 172,917</u>

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

G. Allowance for Uncollectible Pledges

The allowance for uncollectible pledges is maintained at a balance which, in the opinion of management, is adequate to reflect pledges receivable at their net realizable value. Management reviews its pledge listing annually to determine the collectability of pledges. If management believes a pledge is uncollectible, an allowance is established. No allowance was considered necessary at June 30, 2015 or 2014.

H. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of personnel time and space used.

Note 2 - CASH AND CASH EQUIVALENTS

The Radio Station's deposits in the bank accounts of Western Iowa Tech Community College at June 30, 2015 and 2014, were entirely covered by the Federal Depository Insurance Corporation, government securities pledged by the banks as collateral on repurchase agreement accounts, or by the State Sinking Fund, in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

For purposes of the Statement of Cash Flows, the Radio Station considers all unrestricted short term debt securities purchased with a maturity of three months or less to be cash equivalents.

Note 3 - ENDOWMENT INVESTMENTS

The Friends of FM 90 Endowment was established by a contributor to benefit the arts organization within the Siouxland Community. This contribution and its earnings were fully restricted until the principal reached \$250,000. Because the principal has surpassed \$250,000, interest earned may now be withdrawn for Radio Station activities. The investments are recorded at market. A summary of the investments is as follows:

	<u>2015</u>		<u>2015</u>
	<u>Cost</u>		<u>Market</u>
Fed Money Market Management IS	\$ 7,624	\$	7,624
Federated Floating Rate Strategic Income Inst	73,613		72,733
Federated Total Return Bond	184,506		181,849
Goldman Sachs Strategic Income Fund Inst	75,604		72,590
Third Avenue Focused Credit Fund	42,359		34,973
AMCAP Fund	113,340		110,359
American Beacon Bridgeway Large Cap	88,212		88,667

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 3 - ENDOWMENT INVESTMENTS

(Cont.)	American Century Large Company Value Fund	88,291	88,374
	Delaware Group Value FD Sml Cap Val	49,425	59,067
	Delaware US Growth Fund	110,715	110,273
	Goldman Sachs Growth Opportunities Fund	59,022	73,697
	Principal Mid Cap Blend	49,057	73,607
	Royce Total Return Inst	38,253	44,220
	Oakmark International	77,400	97,643
	Pear Tree Polaris Foreign Value Small Cap	47,117	49,392
	Harding Loevner Instl Emerg	59,039	59,764
	Oppenheimer Developing Markets Fund	91,995	89,364
	Goldman Sachs Absolute Return Tracker Fund	89,035	90,087
	Goldman Sachs TR II	<u>85,654</u>	<u>89,564</u>
	Total	\$ <u>1,430,261</u>	\$ <u>1,493,847</u>

	2014 <u>Cost</u>	2014 <u>Market</u>
Federated Prime Management Obligations Fund	\$ 79,254	\$ 79,254
Federated Floating Rate Strategic Income Inst	115,000	114,856
Federated Total Return Bond	285,000	286,044
Goldman Sachs Strategic Income Fund Inst	113,000	113,805
Third Avenue Focused Credit Fund	57,000	59,279
Delaware Group Value FD Sml Cap Value	35,780	48,831
Goldman Sachs Growth Opportunities Fund	38,399	60,370
Mainstay Funds Large Cap Growth Fund Class I	115,157	169,794
Principal Mid Cap Blend	39,920	64,788
Royce Total Return Inst	19,632	30,037
T Rowe Price Equity Income	32,451	54,854
Weitz Value Portfolio	46,382	84,996
Oakmark International	65,095	103,449
Harding Loevner Instl Emerging Market	42,000	46,545
Oppenheimer Developing Markets Fund	55,000	60,211
Goldman Sachs Absolute Return Tracker Fund	64,000	66,737
Goldman Sachs TR II MLTMN AL	<u>62,000</u>	<u>66,088</u>
Total	\$ <u>1,265,070</u>	\$ <u>1,509,938</u>

Interest Rate Risk: The Radio Station, as a part of Western Iowa Tech Community College, has an investment policy that limits the investment of operating funds (funds expected to be expended in the current budget year or within fifteen months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Radio Station.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) Credit Risk: The endowment investments that were rated by Moody's Investors Service at June 30, 2015 and 2014 have their ratings denoted in parentheses above. The remaining investments have either not been rated or are not exposed to credit risk.

Concentration of Credit Risk: The Radio Station's policy is to diversify its investments by limiting investments in prime bankers acceptances or commercial paper to no more than 10% of its portfolio maturities. At June 30, 2015 and 2014, the following investment types exceeded 5% of the total endowment investment portfolio:

2015

Federated Total Return Bond
AMCAP Fund
American Beacon Bridgeway Large Cap
American Century Large Company Value Fund
Delaware US Growth Fund
Oakmark International
Oppenheimer Developing Markets Fund
Goldman Sachs Absolute Return Tracker Fund
Goldman Sachs TR II

2014

Federated Prime Management Obligations Fund
Federated Floating Rate Strategic Income Inst
Federated Total Return Bond
Goldman Sachs Strategic Income Fund Inst
Mainstay Funds Large Cap Growth Fund Class I
Weitz Value Portfolio
Oakmark International

On July 1, 2008, the State of Iowa adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which assisted organizations in managing their endowment funds. The Friends of FM 90 Endowment consists of one individual fund. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Law

The directors of Friends have reviewed the endowment fund for purposes of classifying as permanently restricted net assets, the historic dollar value of endowment funds received. The term "historic dollar value" is defined as the aggregate fair value in dollars of:

- (1) The original values of the gifts donated to the permanent endowment,
- (2) Each subsequent donation to the fund at the time it is made, and
- (3) Each accumulation made pursuant to a provision in the applicable gift instrument at the time the accumulation is added to the fund.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) The remaining portion of the donor-restricted endowment funds that are not classified as permanently restricted net assets shall be classified as temporarily restricted net assets until appropriated for expenditure by Friends in a manner consistent with the Standard of Prudence prescribed by UPMIFA.

Endowment Net Asset Composition by Type of Fund as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor - Restricted Funds	\$(<u>19,991</u>)	\$ <u>1,263,838</u>	\$ <u>250,000</u>	\$ <u>1,493,847</u>

Changes in Endowment Net Assets for the fiscal year ended June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, June 30, 2014	\$(144)	\$ 1,260,082	\$ 250,000	\$ 1,509,938
Investment Gains (Losses):				
Investment Income		\$ 71,534		71,534
Net Appreciation:				
Realized		118,657		\$ 118,657
Unrealized		(<u>181,282</u>)		(<u>181,282</u>)
Total Investment Gains	-	\$ 8,909	-	\$ 8,909
Appropriation of Endowment: Assets for Expenditure		(25,000)		(25,000)
Other Changes:				
Transfers	\$(<u>19,847</u>)	\$ <u>19,847</u>		-
Endowment Net Assets, June 30, 2015	\$(<u>19,991</u>)	\$ <u>1,263,838</u>	\$ <u>250,000</u>	\$ <u>1,493,847</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) Endowment Net Asset Composition by Type of Fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Total</u>
Donor - Restricted Funds	\$ (<u>144</u>)	\$ <u>1,260,082</u>	\$ <u>250,000</u>	\$ <u>1,509,938</u>

Changes in Endowment Net Assets for the fiscal year ended June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, June 30, 2013	\$ (11,804)	\$ 1,101,334	\$ 250,000	\$ 1,339,530
Investment Gains (Losses):				
Investment Income		\$ 44,013		44,013
Net Appreciation:				
Realized		62,126		\$ 62,126
Unrealized	<u> </u>	<u>64,269</u>	<u> </u>	<u>64,269</u>
Total Investment Gains	-	\$ 170,408	-	\$ 170,408
Other Changes:				
Transfers	\$ <u>11,660</u>	\$ (<u>11,660</u>)	<u> </u>	<u> </u>
Endowment Net Assets, June 30, 2014	\$ (<u>144</u>)	\$ <u>1,260,082</u>	\$ <u>250,000</u>	\$ <u>1,509,938</u>

The following table shows the Endowment's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	<u>Less Than 12 Months</u>		<u>More Than 12 Months</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
Mutual Funds - Emerging Markets	\$ 89,364	(2,631)			\$ 89,364	(2,631)
Mutual Funds - Equity	220,632	(3,423)			220,632	(3,423)
Mutual Funds - Fixed	<u>289,412</u>	<u>\$ (13,057)</u>	\$ <u>72,733</u>	\$ (<u>880</u>)	<u>362,145</u>	<u>(13,937)</u>
2015 Total	\$ <u>599,408</u>	\$ (<u>19,111</u>)	\$ <u>72,733</u>	\$ (<u>880</u>)	\$ <u>672,141</u>	\$ (<u>19,991</u>)

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 3 - ENDOWMENT INVESTMENTS
(Cont.)

	<u>Less Than 12 Months</u>		<u>More Than 12 Months</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
Mutual Funds - Fixed	\$ <u>114,856</u>	\$ (<u>144</u>)	_____	_____	\$ <u>114,856</u>	\$ (<u>144</u>)
2014 Total	\$ <u>114,856</u>	\$ (<u>144</u>)	_____ -	_____ -	\$ <u>114,856</u>	\$ (<u>144</u>)

Friends has determined that the unrealized losses are deemed to be temporary impairments as of June 30, 2015. Friends believes that the unrealized losses generally are caused by liquidity discounts and increases in the risk premiums required by market participants rather than a materially adverse change in cash flows or a fundamental weakness in the credit quality of the issuer or underlying asset.

Friends is primarily invested in well diversified mutual funds one of which incurred losses due to the market environment of the past few years. Friends has the ability and intent to hold these investments for a reasonable period of time sufficient for the recovery of fair value. Friends does not consider these investments to be other than temporarily impaired at June 30, 2015.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Friends to retain as a fund of perpetual duration. In accordance with the Codification, deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of temporarily restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$19,991 and \$144 for June 30, 2015 and 2014, respectively. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Return Objectives and Risk Parameters

Friends has adopted investment and spending policies for endowment assets that attempt to achieve long-term preservation and conservative growth of the sums received as donations. Endowment assets include those assets of donor-restricted funds that Friends must hold in perpetuity or for a donor-specified period(s) as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that will obtain the maximum possible total return, taking into account both income and appreciation, that is consistent with an acceptable level of risk.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Friends relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Friends targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Friends has a policy of appropriating for distribution each year a certain percent, not to exceed four percent, of its endowment fund's market value on December 31st of the preceding year.

Note 4 - CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2015 and 2014, is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Buildings	\$ 286,625			\$ 286,625
Radio Tower	570,814			570,814
Furniture and Equipment	264,000			264,000
	<u>\$ 1,121,439</u>	<u>-</u>	<u>-</u>	<u>\$ 1,121,439</u>
Accumulated Depreciation	(858,096)	\$(39,322)		(897,418)
Net Capital Assets	<u>\$ 263,343</u>	<u>\$(39,322)</u>	<u>-</u>	<u>\$ 224,021</u>

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Buildings	\$ 286,625			\$ 286,625
Radio Tower	570,814			570,814
Furniture and Equipment	264,000			264,000
	<u>\$ 1,121,439</u>	<u>-</u>	<u>-</u>	<u>\$ 1,121,439</u>
Accumulated Depreciation	(812,693)	\$(45,403)		(858,096)
Net Capital Assets	<u>\$ 308,746</u>	<u>\$(45,403)</u>	<u>-</u>	<u>\$ 263,343</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 5 - OPERATING LEASES

The Radio Station leases tower and transmitter space to various other communications companies in the area. All of the leases are classified as operating leases. The estimated minimum rent receipts for the remainder of the lease terms are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2016	37,531
2017	<u>1,216</u>
Total	\$ <u>38,747</u>

The Radio Station also leases tower space from which its repeater station, KOJI, transmits. This lease expires October 1, 2017. The future minimum lease payments required by the Radio Station for the lease term are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2016	10,500
2017	<u>2,625</u>
Total	\$ <u>13,125</u>

Total lease expense for the years ended June 30, 2015 and 2014 were \$11,428 and \$8,777, respectively.

Note 6 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Plan Description

Western Iowa Tech Community College contributes to the Iowa Public Employees Retirement System (IPERS) on behalf of KWIT-KOJI FM Radio. IPERS membership is mandatory for employees of the Community College except for those covered by another retirement system. Employees of the Community College are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

KWIT-KOJI FM RADIO

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 6 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)
(Cont.) Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 6 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)
(Cont.) Contributions

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal years 2015 and 2014, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Community College contributed 8.93 percent for a total rate of 14.88 percent.

The Community College's contributions on behalf of the Radio Station, to IPERS for the year ended June 30, 2015 and 2014 were \$11,110 and \$9,450, respectively.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Radio Station reported a liability of \$64,369 for its proportionate share of the Community College's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Radio Station's proportion of the Community College's net pension liability was based on the Radio Station's share of contributions to the pension plan relative to the contributions of all the Community College. At June 30, 2014, the Community College's collective proportion was .090885%, which was an increase of .005912% from its proportion measured as of June 30, 2013.

For the years ended June 30, 2015 and 2014, the Community College, on behalf the Radio Station, recognized pension expense of \$5,340 and \$0, respectively. At June 30, 2015, the Community College, on behalf of the Radio Station, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 700	-
Changes of assumption	2,841	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 24,548

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 6 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)
(Cont.)

Changes in proportion and differences between Community College contributions, on behalf of the Radio Station, and proportionate share of contributions	2,237	-
Community College contributions, on behalf of the Radio Station, subsequent to the measurement date	<u>11,110</u>	<u>-</u>
Total	\$ <u>16,888</u>	\$ <u>24,548</u>

\$11,110 reported as deferred outflows of resources related to pensions resulting from the Community College contributions, on behalf of the Radio Station, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	
2016	\$(4,787)
2017	(4,787)
2018	(4,787)
2019	(4,787)
2020	<u>378</u>
	\$(<u>18,770</u>)

There are no non-employer contributing entities at IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 6 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

(Cont.) The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	<u>1</u>	(0.69)
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Radio Station will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net assets was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 6 - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

(Cont.) Sensitivity of the Radio Station's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Radio Station's proportionate share of the Community College's net pension liability calculated using the discount rate of 7.50 percent, as well as what the Radio Station's proportionate share of the Community College's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Radio Station's proportionate share of the Community College's net pension liability	\$ <u>121,622</u>	\$ <u>64,369</u>	\$ <u>16,040</u>

Pension Plan Fiduciary Net Assets

Detailed information about the pension plan's fiduciary net assets is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan

At June 30, 2015 and 2014, the Community College reported payables, on behalf of the Radio Station, to the defined benefit pension plan of \$302 and \$0, respectively, for legally required employer contributions and \$201 and \$0, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7 - TEACHERS INSURANCE AND ANNUITY ASSOCIATION -
COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)

Western Iowa Tech Community College contributes to the TIAA-CREF retirement program, a defined contribution plan, on behalf of KWIT-KOJI FM Radio. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed.

Benefit terms, including contribution requirements, for TIAA-CREF are established and specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa. For each employee in the pension plan, the Community College is required to contribute 8.93% of annual salary, including overtime pay, to an individual employee account. Each employee is required to contribute 5.95%. Contributions made by both employer and employee vest immediately. For the years ended June 30, 2015 and 2014, employee contributions totaled \$14,051 and \$14,263, respectively, and the Community College recognized pension expense of \$21,088 and \$21,407, respectively.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 7 - TEACHERS INSURANCE AND ANNUITY ASSOCIATION -

(Cont.) COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)

At June 30, 2015 and 2014, the Community College, on behalf of the Radio Station, reported payables to the defined contribution pension plan of \$582 and \$0, respectively, for legally required employer contributions and \$388 and \$0, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA-CREF.

Note 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

Western Iowa Tech Community College, of behalf of KWIT-KOJI FM Radio, operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 211 active and 21 retired members in the plan. Retired participants must be age 55 or older at retirement. The plan does not issue a publicly available financial report.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Community College. The Community College currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The Community College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the Radio Station's proportion of the Community College's annual OPEB cost for the years ended June 30, 2015 and 2014, the amount actually contributed to the plan and changes in the Radio Station's proportion of net OPEB obligation:

	<u>2015</u>	<u>2014</u>
Annual Required Contribution	\$ 7,585	\$ 7,585
Interest on Net OPEB Obligation	97	97
Adjustment to Annual Required Contribution	(329)	(329)
Annual OPEB Cost	\$ 7,353	\$ 7,353
Contributions Made	(3,479)	(3,480)
Increase in Net OPEB Obligation	\$ 3,874	\$ 3,873
Net OPEB Obligation Beginning of Year	\$ 17,123	\$ -
Prior Period Restatement - Note 11	-	13,250
Restated Net OPEB Obligation Beginning of Year	\$ 17,123	\$ 13,250
Expected Net OPEB Obligation End of Year	\$ 20,997	\$ 17,123

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(Cont.) For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the Community College, on behalf of the Radio Station, contributed \$3,479 to the medical plan. Plan members eligible for benefits contributed \$2,039, or 37% of the premium costs.

The Radio Station's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013 - Restated	\$ 8,041	32.87%	\$ 13,250
2014	7,353	34.49%	17,123
2015	7,353	34.49%	20,997

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the Radio Station's proportion of actuarial accrued liability was \$37,600, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$37,600. The Radio Station's proportion of covered payroll (annual payroll of active employees covered by the plan) was approximately \$251,051 and the ratio of the UAAL to covered payroll was 15%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increase or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(Cont.) As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial value of assets is to be equal to the fair market value of assets. The actuarial assumptions include a 2.5% investment return. The projected annual medical trend (inflation) rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Note 9 - FUNDRAISING EXPENSES

During the years ended June 30, 2015 and 2014, the Radio Station conducted various fundraising activities. Management and general expenses related to fundraising for the years ended June 30, 2015 and 2014, total \$39,024 and \$44,735, respectively.

Note 10 - CONTINGENCIES

The National Telecommunications and Information Administration, as the federal grantor of funds to KWIT-KOJI FM Radio, held a 10-year reversionary interest in digital equipment purchased by the Radio Station during the year ended June 30, 2004. The period of interest expired July 1, 2014. Accordingly, the Radio Station had \$40,569 of expendable restricted net assets at June 30, 2014.

Note 11 - PRIOR PERIOD RESTATEMENT

Pension Liability

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net assets was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 11 - PRIOR PERIOD RESTATEMENT

(Cont.)	Net Assets June 30, 2014, As Previously Reported	\$ 595,447
	Net Pension Liability at June 30, 2014	(87,249)
	Deferred Outflows of Resources Related to Contributions Made After the June 30, 2013 Measurement Date	<u>9,450</u>
	Net Assets July 1, 2014, As Restated	\$ <u>517,648</u>

Other Post-Employment Benefits

During the year ended June 30, 2014, the Community College, of behalf of KWIT-KOJI FM Radio, implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Beginning net assets were restated to accrue the June 30, 2013 net OPEB obligation of \$13,250.

Note 12 - SUBSEQUENT EVENTS

The Radio Station has evaluated all subsequent events through October 5, 2015, the date the financial statements were available to be issued.

KWIT-KOJI FM RADIO

SCHEDULE OF RADIO STATION'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>
Radio Station's proportion of the net pension liability	0.001623 %
Radio Station's proportionate share of the net pension liability	\$ 64,369
Radio Station's covered-employee payroll	\$ 104,807
Radio Station's proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.42 %
Plan fiduciary net position as a percentage of the total pension liability	87.61 %

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditors' report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the Radio Station will present information for those years for which information is available.

KWIT-KOJI FM RADIO

SCHEDULE OF RADIO STATION CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	11,110	9,450	6,363	5,755
Contributions in relation to the statutorily required contribution	(<u>11,110</u>)	(<u>9,450</u>)	(<u>6,363</u>)	(<u>5,755</u>)
Contribution deficiency (excess)	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Radio Station's covered-employee payroll	124,085	104,807	73,395	71,334
Contributions as a percentage of covered-employee payroll	8.95 %	9.02 %	8.67 %	8.07 %

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
4,404	3,925	3,712	3,460	2,970	2,765
(<u>4,404</u>)	(<u>3,925</u>)	(<u>3,712</u>)	(<u>3,460</u>)	(<u>2,970</u>)	(<u>2,765</u>)
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
63,365	57,824	58,449	57,185	51,647	48,090
6.95 %	6.79 %	6.35 %	6.05 %	5.75 %	5.75 %

KWIT-KOJI FM RADIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY

YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

KWIT-KOJI FM RADIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY

YEAR ENDED JUNE 30, 2015

(Continued)

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

KWIT-KOJI FM RADIO

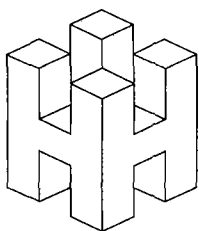
SCHEDULE OF FUNDING PROGRESS
FOR THE RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2013	Jul 1, 2012	-	37,600	37,600	0.0	251,051	15.0
2014	Jul 1, 2012	-	37,600	37,600	0.0	251,051	15.0
2015	Jul 1, 2012	-	37,600	37,600	0.0	259,962	14.5

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.



**HENJES, CONNER &
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Western Iowa Tech Community College
Sioux City, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of KWIT-KOJI FM RADIO, a public telecommunications entity operated by Western Iowa Tech Community College, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Radio Station's basic financial statements and have issued our report thereon dated October 5, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Radio Station's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Radio Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Radio Station's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Radio Station's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Radio Station's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Radio Station's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Radio Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henjes, Conner & Williams, P.C.
Certified Public Accountants

Sioux City, Iowa
October 5, 2015